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DATE: November 6, 1986

NOTE TO: Edward J. Maloney

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SUBJECT: ADP Support to DA Offices

In response to your request, I've put together a few comments on the proposal to decentralize support to the DA offices.

First of all, as the draft memo points out, decentralization is becoming a prevalent theme in the data processing business. There is certainly a great deal of benefit to be derived from this approach, mostly in the way it "walls off" the level of effort provided to our various customers, and lets them make the appropriate management decisions which will effect their own business. ADP components housed within customer offices have traditionally had higher productivity, better moral and better support from the customer than their counterparts within MISG. Often, this is only because the potential critics of data processing activities are less likely to criticize their own actions, but there is also a higher likelihood that the requirements will be translated most effectively if the technical staff is closer to the problem.

On the negative side, however, there are a few observations worth making. First of all, it ought to be true that a professional team of OIT programmers could tackle some of the Agency's most complex and sophisticated software applications. The success of the Office of Development and Engineering is testimony to the fact that a cadre of qualified developers and a development methodology can be promoted within the context of a centralized group. Viewed as a potential "contractor," MISG could become a powerful force to be applied to challenging problems. On the other hand, as we have become more oriented towards contracting our work outside, the skills we have to offer have become more generalized and probably more appropriate to the customer offices. I would argue, though, that we should not continue to give up our technical and professional roles as implementors. Programming experience and software skills would help to delineate between the problem-dominated speciality in the customer offices on one side, and the large program procurement expertise of OD&E on the other. We could effectively position ourselves between the two by emphasizing implementation skills. The successful ASG organization provided some of these benefits, and there are aspects of that organization and its focus on its customer offices within the DI which could be replicated in a comparable organization in support the DA.

The major potential benefits of centralization are standardization and economy of scale. A centralized organization can respond to the ebb and flow of individual office requirements by spreading the effects over the whole group. Individuals in a central group can, at least theoretically, tackle problems of more than one customer. And a professional team working with one office can apply the solutions it has developed to another office's problems. Breaking our applications group apart will lose that synergism.

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Obviously, there are reasonable arguments on both sides of the decentralization issue, and either conclusion could be well supported. My major difficulty with the proposal is that it does not fully implement either decentralization or centralization. We plan to create "non-corporate" development teams within the offices and keep a corporate program behind. In this way, we are sowing the seeds of contention, and we are giving the offices technical power, which, when combined with the financial power they already wield over us, will assure that in any contention, the OIT position will not prevail. In my opinion, this will assure that the overall objectives of the corporate program will not be met, since individual offices will have the capability to subvert the concept, and the desire to do so in support of more localized goals. At the very least, I believe that a decentralized MISG will require that the Corporate Data Program be drastically restructured as an architectural and standards organization (with enough clout to force the individual offices to follow the agency-wide goals) rather than a competitive development team.

I do not believe that the pro-decentralization arguments apply to the so-called "production" process. While the degree of economy of scale which we achieve in development is somewhat dubious, it is certainly clear that there are substantial benefits to a centralized production component. There, the pace changes are more frequent, requiring readjustments which could not happen easily across office boundaries. Similarly, the skill transfer which can occur within a centralized organization devoted to a production speciality is very evident. And I do not believe that there is substantial reason to risk any perturbation in this highly effective part of our organization. This is a perfect opportunity to refrain from fixing what ain't broke.

Finally, there is the issue of critical mass. If MISG gets too small, it won't have viability, since it won't be able to attract the best and brightest. This will be exacerbated by the fact that our customers will be competing with us for the same individuals. In consideration of that, it seems inevitable that the new NSG, without Cams for the 90's, and the new MISG, without the DA, ought to be merged into a new applications component.

In summary, while I support the fundamental goal of decentralization, I suggest that you consider amending the proposal in the following ways:

1. Either retain all new development in MISG or redefine the role of the Corporate Data Program to that of architecture and standization.
2. Develop an MISG team specializing in complex, database-oriented software development, available to assist individual offices on a contracting basis.
3. Retain the production aspects of DA office computing within OIT.
4. Consider merging the residual individuals from MISG and NSG.

Please let me know if you would like clarification, further comments or discussion of any of these points.

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